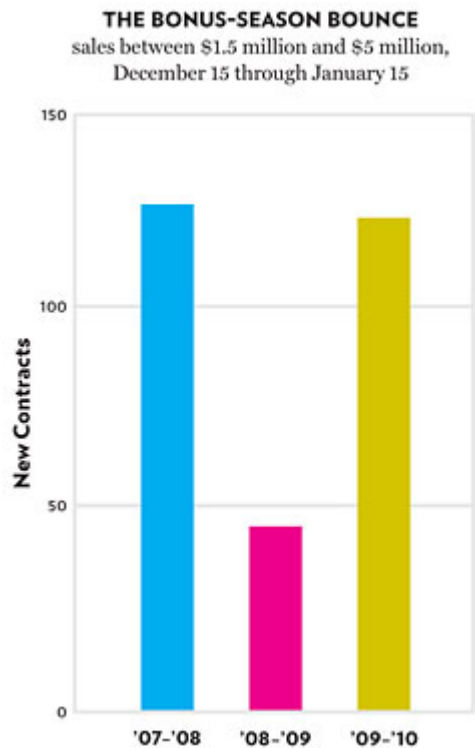


January 24, 2010

## Trickle-Down Theory Works!

**At least in one instance: Year-end bonuses gave the lower part of the luxury market a boost.**



**L**ast week, broker Michele Kleier drained her cell-phone battery four days in a row, fielding endless calls about one or another of her multi-million-dollar listings. The last time that happened, she says, was at the beginning of 2008, before the market went into its slide. “One exclusive where we just had our first open house, we had 45 people show up,” she says. Ditto Barbara Fox, who’s fielding dozens of calls on another apartment that has been sitting quietly unsold since last year. (In December, it took her just a week to sell a \$2.4 million listing.) “Normally, our market’s quite sleepy in January, especially in the first two weeks,” reports Kirk Henckels of Stribling Private Brokerage, but this year, “[business] started right away.”

What’s driving this? Those bonuses that everyone’s yelling about—and the accompanying halo effect. “People are hearing about bonus money and thinking they’re going to miss out,” says Kleier, explaining that buyers who’ve been on the fence may be thinking prices have bottomed out. Activity’s not just in the sub-seven-figure range, either, as was the case this fall. According to Streeteasy.com, 122 Manhattan properties priced between \$1.5 million and \$5 million

went into contract between December 15 and January 15, up 171 percent from the same period a year ago. “It’s surprising, given the current climate,” acknowledges Sofia Song, the site’s vice-president of research. “But with these bonuses, you get a larger pool of buyers for this price range.” The sweet spot? Between \$2 million and \$3 million, which accounts for more than a third of those contracts.

Warburg Realty’s president, Frederick Peters, suggests that it’s not actually bonus money at work—just that buyers are generally more confident, and that “they don’t want to miss buying close to the trough.” (*Crain’s New York* reports that many bonuses may come in stock, not cash, anyway, mitigating their real-estate might.) This is not to say sellers ought to start licking their chops, however. Henckels says past discounts have done what they’re supposed to do—stoke sales—but there’s not enough clamor to raise prices. “It’s the busiest I’ve been in a long time,” says Kleier. “Whether this translates into signed contracts, it’s too early to see.”